Subordinate Contract MA-079-26011371

For

Performance Audit of the County Treasury Investment Operations

Between

County of Orange

And

Macias Gini & O'Connell LLP

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And
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THIS Subordinate Contract Number MA-079-26011371 for a Performance Audit of the County Treasury Investment Operations ("Subordinate Contract") is made and entered into as of the date fully executed by and between the County of Orange, a political subdivision of the State of California ("County") and Macias Gini & O'Connell LLP, a State of California Partnership ("Contractor") with County and Contractor sometimes referred to individually as "Party" or collectively as "Parties."

ATTACHMENTS

This Subordinate Contract is comprised of this document and the following Attachments:

Attachment A - Scope of Work

Attachment B - Payment and Compensation

Attachment C - Regional Cooperative Agreement RCA-017-26010029 incorporated by reference only.

RECITALS

WHEREAS, the County of Orange, through the County Procurement Office ("CPO") has issued Regional Cooperative Agreement RCA-017-26010029 with Macias Gini & O'Connell LLP for Audit Services, now in effect from March 10, 2026, through March 9, 2029 ("Regional Cooperative Agreement") hereinafter referred to as "RCA"; and

WHEREAS, County now desires to enter into this Subordinate Contract for a Performance Audit of the County Treasury Investment Operations; and

WHEREAS, Contractor agrees to conduct a Performance Audit of the County Treasury Investment Operations in accordance with the Specifications, Pricing, Terms and Conditions of the RCA and this Contract; and

WHEREAS, County agrees to pay Contractor the fees as further set forth in Attachment B and the RCA; and

NOW, THEREFORE, the Parties mutually agree as follows:

ADDITIONAL TERMS AND CONDITIONS

1. Scope of Contract:

This Subordinate Contract specifies the contractual terms and conditions by which the Contractor shall provide Performance Audit of the County Treasury Investment Operations in accordance with the RCA.

2. Term of Contract:

This Subordinate Contract shall commence upon execution of all necessary signatures and will be in effect through Tuesday, August 24, 2027, unless otherwise terminated by County.

3. Adjustments – Scope of Work:

No adjustments made to the Scope of Work will be authorized without prior written approval of County assigned Deputy Procurement Agent (DPA).

4. Project Manager, County:

The County shall appoint a Project Manager to act as liaison between the County and the Contractor during the term of this Contract. The County's Project Manager shall coordinate the activities of the County staff assigned to work with the Contractor.

The County's Project Manager shall have the right to require the removal and replacement of the Contractor's Project Manager and key personnel. The County's Project Manager shall notify the Contractor in writing of such action. The Contractor shall accomplish the removal within three (3) business days after written notice from the County's Project Manager. The County's Project Manager shall review and approve the appointment of the replacement for the Contractor's Project Manager and key personnel. Said approval shall not be unreasonably withheld. The County is not required to provide any additional information, reason or rationale in the event it requires the removal of Contractor's Project Manager from providing further services under the Contract.

5. Compensation and Payment

Contractor agrees to provide the products or services specified in the Scope of Work and at the pricing specified in the RCA. The maximum amount under this Subordinate Contract shall not exceed amount noted in Attachment B, Payment and Compensation.

6. Notices:

Any and all notices, requests demands and other communications contemplated, called for, permitted, or required to be given hereunder shall be in writing with a copy provided to the assigned DPA, except through the course of the Parties' Project Managers' routine exchange of information and cooperation during the terms of the work and services. Any written communications shall be deemed to have been duly given upon actual in-person delivery, if delivery is by direct hand, or upon delivery on the actual day of receipt or no greater than four (4) calendar days after being mailed by US certified or registered mail, return receipt requested, postage prepaid, whichever occurs first. The date of mailing shall count as the first day. All communications shall be addressed to the appropriate party at the address stated herein or such other address as the Parties hereto may designate by written notice from time to time in the manner aforesaid.

Contractor:	Macias Gini & O'Connell LLP
Attn:	Kyle O'Rourke; Linda Hurley
Address:	111 Pacifica Suite 300 Irvine, CA 92618
Phone:	(818) 436-4196; (949) 296-4340
Email:	KOrourke@mgocpa.com; LHurley@mgocpa.com

County's Project Manager: Internal Audit Department	
Attn:	Michael Mikaelyan
Address:	601 N. Ross Street, Suite 528 Santa Ana, CA 92701
Phone:	(714) 834-4101
Email:	Michael.Mikaelyan@iad.oc.gov

cc: County Executive Office - CPO/Procurement Services	
Attn:	David Mojarro, County DPA
Address:	400 West Civic Center Drive, 5th Floor Santa Ana, CA 92701
Phone:	(714) 567-5025
Email:	david.mojarro@ceo.oc.gov

SIGNATURE PAGE

IN WITNESS WHEREOF, the Parties hereto have executed this Contract on the date following their respective signatures.

Macias Gini & O'Connell LLP, a State of California Partnership

If the Contractor is a corporation, signatures of two specific corporate officers are required as further set forth.

- The first corporate officer signature must be one of the following: 1) Chairman of the Board, 2) President, 3) Vice President; and
- The second corporate officer signature must be one of the following: 1) Secretary, 2) Assistant Secretary, 3) Chief Financial Officer, 4) Assistant Treasurer.

In the alternative, a single corporate signature is acceptable when accompanied by a corporate resolution demonstrating the legal authority of the signature to bind the company.

Signed by:
E6600BA7102C4BA...

Signature	Name	Title	Date
	Kyle O'Rourke	Partner	8/11/2026

COUNTY OF ORANGE, a political subdivision of the State of California

COUNTY AUTHORIZED SIGNATURE:

Signature	Name	Title	Date
		Deputy Procurement Agent	

Approved as to form:
County Counsel

DocuSigned by:
Ronnie Magsaysay
C44B73F6A6EE416...

Signature	Name	Title	Date
	Ronnie Magsaysay	Deputy	8/11/2026

ATTACHMENT A - SCOPE OF WORK

1. PROJECT DEFINITION

The Contractor shall be a qualified, professional auditing firm able to conduct a performance audit engagement of the County Treasury Investment Operations.

2. BACKGROUND

The Internal Audit Department (IAD) conforms with the Global Internal Audit Standards (Standards). The Standards require the IAD to perform an annual risk assessment and develop an internal audit plan to address high-risk areas, including information technology governance, fraud risk, and the effectiveness of operations and programs. The IAD is seeking a contractor to perform an evaluation of the efficiency and effectiveness of the County Treasury Investment Operations.

State law vests the authority to invest monies deposited in the County treasury with the Board of Supervisors. The Board of Supervisors may delegate such authority to the county treasurer. On December 31, 2024, the Treasurer-Tax Collector's delegated investment authority expired. On January 1, 2025, the authority to invest and reinvest the funds of the County and other depositors in the County treasury reverted to the Board of Supervisors and is exercised by the County Executive Office.

On December 19, 1995, the Board of Supervisors established the Treasury Oversight Committee to promote the restoration of confidence in the Office of the Treasurer-Tax Collector following the collapse of the investment pool in 1994. On March 11, 2025, the Board of Supervisors dissolved the Treasury Oversight Committee and established the Investment Oversight Committee to provide increased oversight over County investment activities. The Board of Supervisors approved the current Investment Policy on December 16, 2025.

A performance audit engagement of County Treasury Investment Operations strengthens governance, mitigates risk, and helps improve organizational performance.

3. ENGAGEMENT OBJECTIVES AND SCOPE

To evaluate the efficiency and effectiveness of County Treasury's operations, internal controls, and best practices for managing investments, including the following areas:

Governance:

- Evaluate the adequacy of governance structures (e.g., Board of Supervisors, Investment Oversight Committee, County Executive Office, and Auditor-Controller), policy frameworks, delegations, and reporting lines to ensure the County's investment program operates under a sound governance structure where responsibilities are clearly defined, oversight is effective, and decision-making is transparent and aligned with the public interest.

Efficiency and Effectiveness:

- Evaluate whether investment operations are designed and executed effectively and efficiently to ensure accurate and timely investment activities, such as trade execution, settlement, and reconciliation, in accordance with regulations, investment limits, and best practices.
- Determine whether systems, automation, system tools, and workflows are being utilized effectively to reduce manual effort, bottlenecks, and operational risk.
- Evaluate whether processes effectively identify, measure, monitor, and mitigate key investment risks, including market, credit, liquidity, operational, custodial/safekeeping, fraud, and

compliance risks, to ensure the County protects principal and maintains the overall safety and stability of the investment pool.

- Evaluate whether performance metrics, such as desired outcomes and key performance indicators, are in place to ensure the investment strategy performs in accordance with the Investment Policy and competitively relative to benchmarks and peers to support that taxpayers and pool participants receive strong value and the County is not leaving money on the table or taking unnecessary risks.
- Review the quality, accuracy, and timeliness of management reporting related to investment performance, risk exposures, and policy exceptions to ensure investment managers and oversight bodies can make informed decisions based on reliable data.

Training and Capacity:

- Evaluate qualifications, certifications, continuing education, and staffing adequacy for investment and compliance personnel to ensure they possess the necessary expertise, training, and resources to execute their responsibilities effectively and maintain compliance with regulations and best practices.

4. PROFESSIONAL STANDARDS

Auditing services will be conducted under the Standards published by the Institute of Internal Auditors.

5. DELIVERABLES

The Contractor will prepare and submit to the Internal Audit Department Assistant Deputy Director, who shall serve as the Project Manager, agreed-upon deliverables as outlined below. Deliverables must be produced consistently with applicable industry and professional standards. If the County rejects any final report or deliverable, the County must notify the Contractor in writing of the reason for the rejection. The Contractor will have ten calendar days from date of receipt of notification to correct the deficiencies and resubmit the report or deliverable. Failure to submit acceptable work within the ten calendar days shall constitute a breach of the contract. The County will not compensate the Contractor for time spent on revisions due to incorrect and/or poorly prepared written deliverables:

Biweekly Status Reports – the Contractor will prepare and submit to the County written bi-weekly status reports regarding the status of the engagement including:

- Preliminary findings to date.
- Engagement work program steps completed, in progress, or not started.

Engagement Work Program – the Contractor will prepare a written engagement work program with detailed steps (including methodology and scope) before fieldwork commences.

Engagement Letter – the Contractor will provide an Engagement Letter to the auditee and the Project Manager before the Entrance Meeting (see Meetings section below). The Letter will contain the following information:

- Purpose of the engagement.
- Proposed engagement objectives.
- Expected engagement scope.
- Auditor(s) assigned to the engagement.
- Proposed start date.

- Any other relevant information.

Draft Report – before finalizing the report, the Contractor will conduct an Exit Meeting (see Meetings section below) to meet with the auditee and Project Manager to discuss their findings and recommendations, if applicable. The Contractor shall classify the findings as follows:

- High-Risk – These are findings or a combination of findings that represent serious flaws requiring significant, immediate changes (e.g., systemic policy violations, major compliance gaps).
- Medium-Risk – These are findings or a combination of findings that represent problematic practices needing necessary modifications to reduce risk (e.g., unclear guidelines, inconsistent application).
- Low Risk – These are findings concerning minor issues where current practices are mostly adequate but could benefit from improvements (e.g., current forms or policies, but not easily accessible).

The Contractor will submit a draft report to the Project Manager. Once approved by the Project Manager, the Contractor will send the draft report to the auditee and the Project Manager. The Contractor will give the auditee 30 days to prepare written responses to any applicable recommendations. The written responses will be incorporated into the final report.

Final Report – the report must include at a minimum these sections:

- Background (synopsis of the function/process(es) being audited).
- Objectives, Scope, and Methodology (purpose of engagement; nature, timing, and extent of work; scope limitations).
- Results and conclusions for each engagement objective, including any applicable findings and related recommendations. This includes identifying opportunities for improvement, such as streamlining processes, enhancing workflow efficiency, and/or improving system utilization.
- The results should also include recognition of business process and internal control strengths noted during the engagement.
- Management's response and corrective action plan (action to be taken, action owner, target date for completion).

6. MEETINGS

Entrance Meeting

Within five days after issuance of the contract, the Contractor will provide the Project Manager with available dates so that he/she can arrange an entrance meeting, to be attended by the Contractor, the County's Internal Audit Staff and/or Management and the auditee. The Contractor will use the Entrance Meeting to mark the official beginning of an engagement; introduce auditors to key management personnel; brief the auditee on the audit process, purpose of the engagement, and engagement objectives.

Exit Meeting

Before the draft audit report is formally sent to the auditee, the Contractor will provide the Project Manager with available dates for the exit meeting among the Contractor, the auditee, the County's Internal Audit Staff and/or other employee(s) deemed necessary by the County. At the exit meeting, the

Contractor will request that the auditee provide to the Project Manager within a specified timeframe a written corrective action plan (including expected implementation dates and the party responsible for implementing the corrective actions) in response to the draft report. The parties will determine the format for the auditee's corrective action. The Contractor, in conjunction with the Project Manager, will review the auditee's corrective action plan to determine if a rebuttal is warranted. If necessary, the Contractor will prepare the rebuttal documents.

7. MILESTONE DATES

The milestone dates for each deliverable and meeting are noted below:

1. Biweekly Status Reports: 14 days after contract award and every subsequent 14 days until project completion.
2. Engagement Work Program: 21 days after contract award.
3. Engagement Letter: 25 days after contract award.
4. Entrance Meeting: 35 days after contract award.
5. Exit Meeting: 90 days after Entrance Meeting.
6. Draft Report: 100 days after Entrance Meeting.
7. Final Report: 30 days after Draft Report.

8. PAYMENT

The County will pay Contractor on a monthly basis, provided that invoices include the Billed Hours by Position and Hourly Rates as agreed upon within the RCA.

9. SUBMISSION OF DELIVERABLES

The Contractor will submit deliverables to:

Internal Audit Department
Aggie Alonso, Director
Jose A. Olivo, Deputy Director
Michael Mikaelyan, Assistant Deputy Director (Project Manager)
601 N. Ross Street, Suite 528
Santa Ana, CA 92701
Email to: Aggie.Alonso@iad.oc.gov; Jose.Olivo@iad.oc.gov; Michael.Mikaelyan@iad.oc.gov

ATTACHMENT B - PAYMENT AND COMPENSATION

1. Compensation

This is a firm fixed fee Subordinate Contract between County and Contractor for a Performance Audit of the County Treasury Investment Operations as set forth in Attachment A, "Scope of Work".

Contractor agrees to accept the specified compensation as set forth in this Subordinate Contract as full payment for performing all services and furnishing all staffing and materials required, for any reasonably unforeseen difficulties which may arise or be encountered in the execution of the services until acceptance, for risks connected with the services, and for performance by Contractor of all its duties and obligations hereunder. Contractor shall only be compensated as set forth herein for work performed in accordance with the Scope of Work. **County shall have no obligation to pay any sum in excess of the fixed rates specified herein unless authorized by amendment in accordance with Articles "Changes" and "Amendments" of County Contract Terms and Conditions, which may require approval by the County Board of Supervisors.**

2. Fees and Charges:

A. County will pay the fees and charges in accordance with the provisions of this Contract. Payment will be made provided that invoices include the Billed Hours by Position and Hourly Rates as agreed upon within the RCA, which are as follows:

MGO Hourly Rates	
Position	Hourly Rate
Partner	$395
Senior Manager	$295
Audit Manager/Manager	$285
Experienced or Senior Auditors	$190
Administrative Assistant	$100

B. **Total Contract amount not to exceed: $119,745.00**

Approval by the Board of Supervisors is required for all service contract contracts where for any year of the contract, the annual value to any one contractor exceeds $200,000.
Approval by the Board of Supervisors is required for all service contracts where the total contract value exceeds or is anticipated to exceed $1,000,000 when all contract years are taken into consideration for multi-year contracts.

3. Contractor's Expense:

Contractor will be responsible for all costs related to photo copying, telephone communications and fax communications while on County sites during the performance of work and services under this Contract.

4. Payment Terms – Payment in Arrears:

Invoices are to be submitted in **arrears** to the user agency/department to the ship-to address, unless otherwise directed in this Contract. Contractor shall reference Contract number on invoice. Payment will be <u>net thirty (30) days</u> after receipt of an invoice in a format acceptable to County of Orange and verified

and approved by the agency/department and subject to routine processing requirements. The responsibility for providing an acceptable invoice rests with Contractor.
Billing shall cover services and/or goods not previously invoiced. Contractor shall reimburse County of Orange for any monies paid to Contractor for goods or services not provided or when goods or services do not meet Contract requirements.
Payments made by the County shall not preclude the right of the County from thereafter disputing any items or services involved or billed under this Contract and shall not be construed as acceptance of any part of the goods or services.

5. Payment – Invoicing Instructions:

The Contractor will provide an invoice on the Contractor's letterhead for goods delivered and/or services rendered. In the case of goods, the Contractor will leave an invoice with each delivery.

Each invoice will have a number and will include the following information:

1. Contractor's name and address
2. Contractor's remittance address
3. Name of County Agency/Department
4. Subordinate Contract Number MA-079-26011371
5. Delivery/Service address
6. Invoice Date
7. Complete Breakdown of Billed Hours by Position and Hourly Rate per the RCA
8. Invoice Total

Invoices and support documentation shall be addressed to:

County of Orange - Internal Audit Department
601 N. Ross Street, Suite 528
Santa Ana, CA 92701

Email: Michael.Mikaelyan@iad.oc.gov; and Gabriela.Cabrera@iad.oc.gov.

6. Payment (Electronic Funds Transfer (EFT):

County of Orange offers contractors the option of receiving payment directly to their bank account via an Electronic Fund Transfer (EFT) process in lieu of a check payment. Payment made via EFT will also receive an Electronic Remittance Advice with the payment details via e-mail. An e-mail address will need to be provided to The County of Orange via an EFT Authorization Form. To request a form, please contact the agency/department Procurement Buyer listed in Contract. Upon completion of the form, please mail, fax or email to the address or phone listed on the form.

ATTACHMENT C - REGIONAL COOPERATIVE AGREEMENT RCA-017- 26010029

Incorporated by reference only.